

NOTE: This is a **sample document** for creating your program’s 21st Century Fiscal Policies and Procedures. Please ensure that you use the FY22 Grant Guidance document to include all requirements in your fiscal policies and procedures.

**Fiscal Policies and Procedures**

***<blank> is funded by the NC Department of Public Instruction 21st Century Community Learning Centers***

**Table of Contents**

**INTRODUCTION .................................................................................................................... 3**

**DIVISION OF RESPONSIBILITIES ....................................................................................... 3**

Pastor ...................................................................................................................................................................................... 3

Executive Committee ........................................................................................................................................................ 3

Program Director .............................................................................................................................................................................. 3

Finance Director/ Budget and Finance Committee Chair ....................................................................................... 4

*Budget Management............................................................................................................................................................................ 4*

*Financial Management ...................................................................................................................................................................... 4*

*Payroll Administration ....................................................................................................................................................................... 4*

**ACCOUNTING PROCEDURES .............................................................................................. 5**

Basis of Accounting ......................................................................................................................................................................... 5

Chart of Accounts and General Ledger...................................................................................................................................... 5

Bank Reconciliations ....................................................................................................................................................................... 5

Financial Reports .............................................................................................................................................................................. 5

**INTERNAL CONTROLS......................................................................................................... 6**

Conflict of Interest............................................................................................................................................................................ 6

Segregation of Duties ...................................................................................................................................................................... 6

Physical Security............................................................................................................................................................................... 6

**FINANCIAL PLANNING & REPORTING ............................................................................. 7**

Budgeting Process ............................................................................................................................................................................ 7

Audit ..................................................................................................................................................................................................... 7

**REVENUE & ACCOUNTS RECEIVABLE ............................................................................. 7**

Reimbursements................................................................................................................................................................................ 7

Cash Receipts..................................................................................................................................................................................... 8

Deposits ............................................................................................................................................................................................... 8

**EXPENSE & ACCOUNTS PAYABLE..................................................................................... 8**

Payroll .................................................................................................................................................................................................. 8

Purchases & Procurement .............................................................................................................................................................. 9

Invoice Approval & Processing ................................................................................................................................................... 9

Debit Card Purchases and Processing ..................................................................................................................................... 10

Reimbursements............................................................................................................................................................................. 10

Cash Advances ............................................................................................................................................................................... 10

Petty Cash......................................................................................................................................................................................... 10

**ASSET MANAGEMENT ....................................................................................................... 11**

Cash Management ......................................................................................................................................................................... 11

Capital Equipment ......................................................................................................................................................................... 11

**INTRODUCTION**

The purpose of this manual is to describe all fiscal policies and procedures currently in use at the <blank> to ensure that financial statements are an accurate representation of the <blank>’s financial position; assets are safeguarded; compliance with local, State, and federal policies and with other guidelines of grantors and donors is maintained; and finances are managed with accuracy, efficiency, and transparency.

<blank> is a subgrantee of a 21st Century Community Learning Centers (CCCL) grant awarded to the NC Department of Public Instruction (NC DPI) by the U.S Department of Education. The Leadership and Officers of <blank>staff members with a role in the management of fiscal and accounting operations are expected to comply with the policies and procedures in this manual.

These policies will be reviewed annually and revised as needed by the <blank> Finance Director and the Chair of the <blank>Budget and Finance Committee (Chair) and approved by the Program Director and the <blank>Executive Committee (Committee).

**DIVISION OF RESPONSIBILITIES**

The following is a list of <blank> staff and <blank> Leadership and Officers who have fiscal and accounting responsibilities:

**Pastor**

 Serves as Fiscal Agent for 21st CCCL grant to <blank>

 Reviews the annual budget

 Reviews annual and periodic financial statements and information

 Reviews Program Director's performance annually

 Approves Program Director’s timesheets

 Approves expenditures

**Executive Committee**

 Reviews the annual budget

 Reviews annual and periodic financial statements and information

 Approves the <blank>Fiscal Policies and Procedures.

**Program Director**

 Reviews all financial reports, including annual and periodic financial statements

 Prepares and submits a detailed program budget with narratives

 Reviews and approves all contracts

 Reviews timesheets for accuracy and submits timesheets to Finance Director

 Initiates donor thank you letter acknowledgements

**Finance Director/**<blank>**Budget and Finance Committee Chair**

For internal control purposes, the financial management responsibilities are segregated between the

Financial Director and the Chair. The two, together, are responsible for maintaining all aspects of the financial management system including expenditure reports and payroll.

**Budget Management**

 Work with Program Director to develop and update an annual program budget (Chair)

 Provide ongoing monitoring of program budget to ensure compliance with donor

requirements (FD and Chair)

 Provide monthly budget versus actual reports to the Pastor and the Program Director (Chair)

 Work with the Program Director to initiate corrective actions needed for budget control (FD

and Chair)

 Generate and submit all needed Budget Amendment requests to funding source (FD)

**Financial Management**

 Interpret Federal (including but not limited to OMB Circular A-122) and /or other grantor

regulations and guidelines to ensure <blank>compliance (Chair)

 Register and annually update the <blank>account with the federal

System for Award Management (SAM) electronic database (FD)

 Submit the Dun and Bradstreet number annually to NC DPI (FD)

 Establish a North Carolina Identity Management ID (NCID) in order to access the

*Expenditure Reporting and Cash Application for Education Centers (ERaCA)* electronic

database (FD)

 Work with Program Director to develop, review, and improve policies and procedures

for contracts, grants, and procurement functions (Chair)

 Provide support as needed for all audits and compliance reviews related to the

<blank>grant program (FD and Chair)

 Submit all Expenditure Summary Turnaround Documents to funding sources (FD)

 Record all transactions to the general ledger and reconcile to the bank account (Chair)

 Monitor the <blank>bank account (FD)

 Manage all <blank>program account payables/receivables (Chair)

 Provide monthly, annual and/or ad hoc financial reports as needed (Chair)

**Payroll Administration**

 Review timesheet reports from for accuracy (FD)

 Ensure paychecks or bank transfer notices, and pay stubs or pay statements are

distributed to staff for receipt on or before the last business day of each month (FD)

 Ensure funds are available to cover the payroll cost (FD)

 Answer <blank>staff’s questions about their paychecks (FD)

 Resolve all payroll-related issues as requested by Program Director (FD)

 Make recommendations to <blank> Pastor and Program Director on changes in payroll

policies and procedures as needed (FD)

 Ensure that contracted payroll processor prepares and submits periodic tax reports (Form

941, W2, 1099, etc.) (FD and Chair)

**ACCOUNTING PROCEDURES**

The accounting procedures used by <blank>shall ensure accuracy of information and compliance with external standards.

**Basis of Accounting**

<blank> uses the cash basis of accounting.

**Chart of Accounts and General Ledger**

<blank> uses a Chart of Accounts that aligns with the North Carolina Department of Public Instruction’s Uniform Chart of Accounts for PRC 110. The Chart of Accounts is structured so that financial statements can be shown by natural classification (expense type) as well as by functional classification (program vs. fundraising vs. administration). The Budget and Finance Committee Chair is responsible for <blank>’s adherence to the Chart of Accounts.

The general ledger is maintained in ? accounting software by the Budget and Finance Committee Chair. Within the general ledger for <blank>, all activity for <blank> is recorded separately in its own fund code. All input and balancing are the responsibility of the Chair.

**Bank Reconciliations**

**Policy:** <blank> bank statements will be reviewed by the Pastor and Chair on a

monthly basis. The Chair will perform bank reconciliation within 15 days after the month end and will submit it to the Finance Director, Program Director and Pastor for review.

**Procedures:**

 The Finance Director will review bank activity online throughout the month.

 All hardcopy bank statements shall be opened and reviewed by the Pastor.

 Once reviewed, the statements shall be submitted to the Budget and Finance Committee

Chair for reconciliation.

 The Pastor, Program Director, and Finance Director will review reconciliation reports.

**Financial Reports**

**Policy:** The Budget and Finance Committee Chair will prepare the monthly and annual financial

reports for distribution to the Pastor, Program Director, and Finance Director. The Chair will present the reports to the quarterly meetings of the <blank> Executive Committee and to the Church Conference. The reports will include: balance sheet, statement of income and expenses, a budget versus actual report for <blank>, and any other requested reports.

In addition, the Chair, in conjunction with the Finance Director and Program Director, will complete the monthly reports that are due to NC DPI and the annual reporting requirements to NC Grants as prescribed by N.C. G.S. §143C-23. The monthly reports to NCDPI will include a copy of each ERACA submission for reimbursement along with a summary spreadsheet (exported from the <blank> General Ledger as reconciled to the monthly bank statement), copies of the supporting receipts, and a copy of the bank statement to show proof of payment by <blank>.

**INTERNAL CONTROLS**

<blank> employs several safeguards to ensure that financial transactions are properly authorized, executed and recorded and also to ensure that expenditures are allowable, allocable, and reasonable.

**Conflict of Interest**

**Policy:** All <blank> staff and the Leadership and Officers of <blank> are

expected to use good judgment, to adhere to high ethical standards, and to act in such a manner as to avoid any actual or potential conflict of interest. A conflict of interest occurs when the personal, professional, or business interests of a staff member or the Leadership and Officers conflict with the interests of the <blank>. No employee, officer, or agent shall participate in the selection, award, or administration of a contract if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. Both the fact and the appearance of a conflict of interest should be avoided.

**Segregation of Duties**

**Policy:** The fiscal responsibilities of <blank> are distributed among multiple

people to help ensure protection from fraud and error. The distribution of duties aims for maximum protection of the organization’s assets while also considering efficiency of operations.

**Procedures:**

 The Program Director and/or the Lead Teacher/Coordinator makes purchases for goods

and services using a debit card linked to the <blank> bank account and

issued by the Finance Director or by obtaining a vendor invoice.

 Before the Finance Director submits a request for reimbursement through ERaCA, the

Program Director and Pastor will approve all debit card purchases of goods and

services; the Program Director and Lead Teacher/Coordinator will submit approved

receipts for debit card purchases to the Finance Director; and the Program Director and

Pastor will authorize all invoices for payment.

 The Finance Director maintains custody of paper checks and manages the online banking

function. The Finance Director pays all invoices approved by the Program Director and

Pastor. The Finance Director also makes all bank deposits.

 The Budget and Finance Committee Chair is responsible for inputting receipt and expenditure activity into the general ledger and reconciling it to the bank statement.

**Physical Security**

**Policy:** <blank> maintains physical security of its assets to ensure that only

people who are authorized have physical or indirect access to program property.

**Procedures:**

 All program equipment and supplies are secured in locked closets on the sites of the

after school programs or in the office of the Program Director, which is also locked.

 Only the Program Director and the <blank> Trustees have access to the Director’s office and the closets in which the equipment is stored.

**FINANCIAL PLANNING & REPORTING**

<blank>’s financial statements are not prepared in accordance with Generally Accepted Accounting Principles (GAAP). Rather the financial statements are prepared on a cash basis that shows expenditures by natural classification (expense type) as well as by functional classification (program vs. fundraising vs. administration). Revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the organization are classified as unrestricted, temporarily restricted and permanently restricted.

**Budgeting Process**

**Policy:** <blank>’s annual budget is prepared and approved annually. The budget

is prepared by the Program Director in conjunction with the Finance Director, the Pastor, and the Chair of the Budget and Finance Committee. The budget will only include projected expenditures that comply with the grant application and are reasonable and necessary for the proper and efficient performance and administration of the grant. The budget must be approved by the NC Department of Public Instruction prior to the start of each fiscal year. The budget may be revised during the year by the Program Director after consulting with the Pastor.

**Procedures:**

 The Program Director will work together with the Finance Director, Pastor, Chair and other

stakeholders as needed to ensure that the annual budget is an accurate reflection of

programmatic and infrastructure goals for the coming year.

 All budgets are developed and submitted using the most updated NC DPI Uniform Chart of Accounts (COA) for PRC 110.

 The Program Director will submit the budget with narrative to the NC CCIP system for review and provide administrative approval in the NC CCIP system.

 Once approved by the State, a copy of the final budget will be submitted to the Pastor, Finance Director, and the Chair of the Budget and Finance Committee.

**Audit**

The North East Baptist Church Pastor and Budget and Finance Committee Chair determine the need for an audit and, if so, chooses and contracts with the auditor.

**REVENUE & ACCOUNTS RECEIVABLE Reimbursements**

**Policy:** <blank> will draw funds from the 21st CCCL grant on a reimbursement basis.

**Procedures:**

 The Finance Director will submit reimbursement requests through ERaCA periodically

based on approved payroll, invoices that have been paid and approved receipts for debit card

purchases.

 The Finance Director will file the supporting documentation/proof of payment with the request

confirmation.

 The Budget and Finance Committee Chair will input the request to the general ledger as a

receivable and record the reimbursement upon receipt.

**Cash Receipts**

**Policy:** <blank> does not accept cash. All checks and money orders should be made payable to <blank>/21st Century with <blank> in the memo section.

**Procedures:**

 Checks and money orders should be submitted to the Finance Director.

 A confirmation of receipt should be provided to the payee.

 A copy of the confirmation of receipt should be maintained in the files and also sent to the

Program Director for acknowledgment to the donor as appropriate.

 The Budget and Finance Committee Chair will input the receipt to the general ledger

**Deposits**

**Policy:** The Finance Director will prepare checks and money orders for deposit and will secure

them in a locked safe on <blank> premises prior to deposit. The deposit will be made by the <blank> Trustees on the Sunday following receipt by the Finance Director of the checks and money orders.

**Procedures:**

 The Finance Director should prepare the deposit for all checks and money orders within 2

business days of receipt but no later than the Sunday following receipt.

 A copy of the deposit slip should be placed in the financial files for <blank>.

 The Chair of the Budget and Finance Committee will reconcile the bank account activity to

the general ledger monthly.

**EXPENSE & ACCOUNTS PAYABLE**

<blank> will incur expenditures to support program implementation and operational activities allowable under the 21st CCCLC program in accordance with all State and federal requirements including the requirements of Educational Department General Administrative Regulations (EDGAR), 34 CFR § 80. <blank> will not incur

any expenditures that have not been pre-approved in the fiscal year budget submitted to NCDPI or that are not considered to (1) reasonable, (2) allocable, and (3) allowable.

**Payroll**

**Policy:** <blank> pay periods are monthly, with the date of pay being the last



business day of each month or as otherwise agreed upon by Finance Director and Fiscal Agent.

**Procedures:**

 All <blank> staff are required to submit a time sheet, which must be received by the Program Director no later than close of business on the 15th day of each

month.

 The Program Director must approve all submitted time sheets. Payments to staff will be based solely on the approved time sheets.

 The Program Director must submit all approved time sheets to the Finance Director no later than noon on the 20th day of each month.

 The Finance Director will electronically submit the monthly payroll to the contracted payroll processor to ensure payment is received no later than the last business day of each month.

 Staff may choose direct deposit to a designated bank account. Their paycheck is deposited directly into the designated account on the payroll date. Staff will receive verification via paper or electronic stub.

 All quarterly federal and state payroll reports will be prepared and filed appropriately by the contracted payroll processor and reviewed by the Finance Director and Budget and Finance

Committee Chair.

 All W-2 statements are issued to staff prior to January 31st of the following year for the prior

calendar year.

 A new staff person will not be put on payroll without completing a W-4 Form, I-9 Form, and

an NC-4 Form.

**Purchases & Procurement**

**Policy:** Any expenditure in excess of <insert amount> for the purchase of a single item should have bids from three (3) suppliers if possible. These bids will be reviewed by the Program Director and the bid award must be specifically approved in advance by the Program Director and Finance Director.

**Procedures:**

 For purchases of one hundred ninety-nine dollars ($199.00) or less, verbal or written price or rate quotations shall be obtained from an adequate number of qualified sources to insure that

the selection process is competitive. A documented web search will also satisfy this requirement. Awareness of the reasonable market price for the item must be exercised.

 For purchases of two hundred dollars ($200.00) or more, a minimum of 3 written quotations shall be obtained from qualified sources. Awareness of the reasonable market price for the item

must be exercised. Where approved suppliers have been established, these are to be used.

 Documentation of bids and verbal or written price/rate quotations shall be filed with the invoice.

**Invoice Approval & Processing**

**Policy:** All invoices must be approved by the Program Director and Pastor prior to payment.

Approved invoices will be paid within 30 days of receipt by the Finance Director.

**Procedures:**

 Invoices and bills will be opened and reviewed by the Program Director. The Program

Director and the Finance Director will be notified immediately of any unexpected or

unauthorized expenses.

 Invoices are then sent to Finance Director for payment along with a completed Check

Request Form approved by the Program Director and Pastor. Copies of all invoices paid

will be kept on file along with a copy of the check by the Finance Director.

 The Chair of the Budget and Finance Committee will input the expenditures into the general ledger.

**Debit Card Purchases and Processing**

**Policy:** <blank> allows the Program Director and the Lead Teacher/Coordinator

to make purchases with a debit card linked to the <blank> bank account. Purchases of less than $500 do not require prior approval of the Pastor.

**Procedures:**

 The Program Director and Lead Teacher/Coordinator will obtain prior approval from

the Pastor via a Purchase Request Form for purchases that exceed $500.

 The Program Director and Lead Teacher/Coordinator will submit receipts for debit card purchases to the Finance Director weekly along with an approved Purchase Request

Form. Receipts incurred from Sunday through Saturday of a week should be submitted by Wednesday of the following week.

 The Purchase Request Form must be approved by the Program Director and Pastor.

 The Finance Director will monitor the bank account activity online no less frequently

than monthly and will ensure that receipts are provided for all debit card purchases.

 The receipts as approved will be kept on file by the Finance Director.

 The Chair of the Budget and Finance Committee will input the expenditures into the

general ledger.

**Reimbursements**

**Policy:** All expenditures for which reimbursement is sought must be pre-approved by the

Program Director and Pastor. The reimbursement request must be approved by the Program Director and Pastor. Approved reimbursements will be paid within 30 days of receipt by the Finance Director.

**Procedures:**

 An Expense Reimbursement Form and/or a Travel Expense Reimbursement Form must be

completed and submitted to the Finance Director. The form must be approved and be signed

by the Program Director and Pastor.

 Original receipts must accompany Expense Reimbursement Form and/or Travel

Reimbursement Forms. Receipts must substantiate all expenses submitted for

reimbursement except those covered by a travel per diem rate.

 Copies of all Expense Reimbursement Forms and Travel Reimbursement Forms will be kept

by the Finance Director.

 The Chair of the Budget and Finance Committee will input the expenditures into the

general ledger.

**Cash Advances**

**Policy:** No salary advances will be made under any circumstances. Staff may, however, receive an advance for travel per diem.

**Petty Cash**

**Policy:** <blank> will NOT keep or maintain any petty cash.

**ASSET MANAGEMENT**

**Cash Management**

All cash accounts owned by <blank> will be held in financial institutions which

are insured by the FDIC. No bank account will carry a balance over the FDIC insured amount. The bank account will be non-interest bearing. The Finance Director will maintain secure custody of

all checks for the bank account but must obtain the 2nd signature of an <blank> Trustee on all checks for payment of goods and services. The Finance Director will also monitor the bank account activity on a weekly basis.

**Capital Equipment**

Policy: <blank> will capitalize all items which have a unit cost greater than four

hundred ninety-nine dollars ($499.00). Items purchased with a value or cost equal to or less than four hundred ninety-nine dollars ($499.00) will be expensed in the period purchased.

**Procedures:**

 A Fixed Asset Log is maintained by the Program Director including date of purchase, asset

description, purchase/donation information, cost/fair market value, donor/funding source,

identification number, life of asset.

 The log will be reviewed by the Finance Director and an <blank> Trustee quarterly, and a physical inspection and inventory will be taken of all fixed assets and reconciled to the

general ledger balances. Any impaired assets discovered during the inventory will be written down to their actual value.

 The Finance Director and the designated <blank> Trustee shall be informed of any change in

status or condition of any property or equipment.